

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent Cynthia Crann was a Director for the Westport County Water Board (the “Water Board”) for Mendocino County (the “County”). As a Director, Respondent was a designated employee of the County as defined in Section 82019, subdivision (c) of the Political Reform Act (the “Act”),<sup>1</sup> and in the County’s conflict of interest code.

As required by the County’s conflict of interest code, each designated employee of the Water Board is required to file an annual statement of economic interests by April 1<sup>st</sup> of each year that the employee remains in office (unless April 1<sup>st</sup> falls on a Saturday, Sunday, or official holiday, in which case the filing deadline is extended to the next regular business day).<sup>2</sup> On the statement of economic interests, each designated employee must disclose his or her reportable economic interests held during the preceding calendar year.

In this matter, Respondent failed to file a 2001 annual statement of economic interests by the April 2, 2002 due date.

The Enforcement Division handled this case on an expedited basis under the SEI Expedited Procedures adopted by the Commission in July of 1999.

For the purposes of this Stipulation, Respondent’s violation of the Act is stated as follows:

As a designated employee of the County of Mendocino, Cynthia Crann failed to file a 2001 annual statement of economic interests by April 2, 2002, in violation of Section 87300 of the Government Code.

### **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in Section 81002, subdivision (c), is to ensure that the assets and income of public officials, which may be materially affected by their official actions, be disclosed, so that conflicts of interest may be avoided.

In furtherance of this purpose, Section 87300 requires every agency to adopt and promulgate a conflict of interest code. The agency’s conflict of interest code must specifically designate the employees

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

<sup>2</sup> Regulation 18116.

of the agency who are required to file statements of economic interests, disclosing their reportable investments, business positions, interests in real property, and other sources of income. Under Section 82019, subdivision (c), and Section 87302, subdivision (a), the individuals who are to be designated in an agency's conflict of interest code are the officers, employees, members, and consultants of the agency, whose position with the agency entails making, or participating in making, governmental decisions that may have a reasonably foreseeable material effect on one or more of the individual's economic interests.

Under Section 87302, subdivision (b), each designated employee must be required to annually file a statement of economic interests for each year that the employee remains in office, at a time specified in the agency's conflict of interest code, disclosing his or her reportable investments, business positions, interests in real property, and sources of income for the preceding calendar year.

Under Section 87300, the requirements of an agency's conflict of interest code have the force of law, and any violation of those requirements is deemed a violation of the Act.

### **SUMMARY OF THE FACTS**

Respondent was a Director of the Westport County Water Board. As a Director, Respondent was a designated employee, and was therefore required to file an annual statement of economic interests for the calendar year 2001, by April 2, 2002.

On January 31, 2002, Melissa Mack, Deputy Clerk-Recorder for Mendocino County sent a letter to Respondent, advising her that her 2001 annual statement of economic interests was due by April 2, 2002. In spite of this reminder, Respondent failed to file a 2001 annual statement of economic interests by the April 2, 2002 due date, in violation of Section 87300.

On April 4, 2002, Ms. Mack sent a second letter to Respondent, advising her that her 2001 annual statement of economic interests that was due on April 2, 2002, had not been received, and asking Respondent to file the statement immediately. The letter also advised Respondent that the matter of her non-filing would be referred to the Fair Political Practices Commission (the "Commission") if she did not file a 2001 annual statement of economic interests by May 6, 2002. When the statement was not filed in response to these notices, Ms. Mack referred the matter of Respondent's failure to file a 2001 annual statement of economic interests to the Commission's Enforcement Division.

On May 16, 2002, SEI Coordinator Mary Ann Kvasager, of the Enforcement Division, left a message for Respondent with the Water Board point of contact person, Kenny Rogers, advising Respondent that her 2001 annual statement of economic interests was past due, and must be filed immediately. On May 17, 2002, Ms. Kvasager received a telephone message from Respondent. In that message, Respondent informed Ms. Kvasager that she would be out of town until May 21, 2002, and that she would complete and file a 2001 annual statement of economic interests upon her return.

On May 23, 2002, Respondent filed a 2001 annual statement of economic interests.

## **CONCLUSION**

This matter consists of one count of violating Section 87300, which carries a maximum administrative penalty of Five Thousand Dollars (\$5,000). However, under the SEI Expedited Procedures adopted by the Commission in July 1999, the approved administrative penalty for an individual who files a delinquent statement of economic interests within one week of being contacted by the Enforcement Division SEI Coordinator is between Two Hundred and Three Hundred Dollars (\$200-\$300).

The facts of this case, particularly the fact that Respondent filed her delinquent statement within one week of being contacted by the Enforcement Division SEI Coordinator, justifies imposition of the agreed upon penalty of Two Hundred Dollars (\$200).